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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

CODE OF FAIR COMPETITION SERIES—CODE No. 11

CODE OF FAIR COMPETITION  
FOR  
GRAIN EXCHANGES AND MEMBERS  
THEREOF

Approved by the President of the United States  
March 20, 1934

1. Executive Order
2. Letter of Transmittal (Secretary of Agriculture)
3. Letter of Transmittal (Administrator, N.R.A.)
4. Code



UNITED STATES  
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## EXECUTIVE ORDER

### Approval of Code of Fair Competition for the Grain Exchanges and Members Thereof

*Whereas*, the Secretary of Agriculture and the Administrator of the National Industrial Recovery Act having rendered their separate reports and recommendations and findings on the provisions of said code, coming within their respective jurisdictions, as set forth in the Executive order dated January 8, 1934, amending Executive Order No. 6182 of June 26, 1933, as supplemented by Executive Order No. 6207 of July 21, 1933, and Executive Order No. 6345 of October 20, 1933.

*Now, therefore*, I, FRANKLIN D. ROOSEVELT, President of the United States, pursuant to the authority vested in me by title I of the National Industrial Recovery Act, approved June 16, 1933, and otherwise, do hereby find that:

1. An application has been duly made, pursuant to and in full compliance with the provisions of title I of the National Industrial Recovery Act, approved June 16, 1933, for my approval of a code of fair competition for the grain exchanges and members thereof; and,

2. Due notice and opportunity for hearings to interested parties has been given pursuant to the provisions of the act and regulations thereunder; and,

3. Hearings have been held upon said code, pursuant to such notice and pursuant to the pertinent provisions of the act and regulations thereunder; and,

4. Said code of fair competition constitutes a code of fair competition, as contemplated by the act and complies in all respects with the pertinent provisions of the act, including clauses (1) and (2) of subsection (a) of section 3 of title I of the act; and,

5. It appears, after due consideration, that said code of fair competition will tend to effectuate the policy of Congress as declared in section 1 of title I of the act.

*Now, therefore*, I, FRANKLIN D. ROOSEVELT, President of the United States, pursuant to the authority vested in me by title I of the National Industrial Recovery Act, approved June 16, 1933, and otherwise, do hereby approve said Code of Fair Competition for the Grain Exchanges and Members Thereof.



*President of the United States.*

THE WHITE HOUSE,  
March 20, 1934.

# AGRICULTURAL ADJUSTMENT ADMINISTRATION

## LETTER OF TRANSMITTAL

MARCH 19, 1934.

The PRESIDENT,  
*The White House.*

DEAR MR. PRESIDENT: I have the honor to submit the following:

1. There is transmitted herewith a code of fair competition for the grain exchanges and members thereof, which I recommend for your approval and which the National Recovery Administrator recommends for your approval with reference to the labor provisions thereof. There accompanies the code the report of the Administrator of the Agricultural Adjustment Act, the report of the Administrator of title I of the National Industrial Recovery Act, and a true, correct, and complete stenographic report of all the evidence introduced at a public hearing on said code, held pursuant to section 3 (a), title I of the National Industrial Recovery Act.

2. By virtue of Executive order dated January 8, 1934, amending Executive Order No. 6182 of June 26, 1933, as supplemented by Executive Order No. 6207 of July 21, 1933, and Executive Order No. 6345 of October 20, 1933, which, pursuant to title I of the National Industrial Recovery Act of June 16, 1933 (Public, No. 67, 73d Congress) delegated to me, as Secretary of Agriculture, certain of the powers vested in the President of the United States by the aforesaid act, and after considering the aforesaid code of fair competition and a true, correct, and complete stenographic report of all evidence introduced at such public hearing, and being fully advised in the premises, I make the following findings:

1. That an application has been duly made by the Grain Exchange Code Committee, pursuant to and in full compliance with the provisions of title I of the National Industrial Recovery Act, approved June 16, 1933, for the approval of the President, of the Code of Fair Competition for the Grain Exchanges and Members Thereof. The Grain Committee on National Affairs, which has made application for the approval of said code, and the advisory body provided for in such code, are truly representative of the industry, and no inequitable restrictions on admission to membership are imposed by the Grain Committee on National Affairs.

2. That the grain exchanges and members thereof, covered by such code, are included within the trades, industries, or subdivisions thereof enumerated in Executive order dated January 8, 1934, amending Executive Order No. 6182 of June 26, 1933, as supplemented by Executive Order No. 6207 of July 21, 1933, and Executive Order No. 6345 of October 20, 1933.

3. That the provisions of the code establishing standards of fair competition (a) are regulations of transactions in or affecting

the current of interstate and/or foreign commerce and (b) are reasonable.

4. That the code is not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them and will not permit monopolies or monopolistic practices.

5. That the code will not prevent an individual from pursuing the vocation of manual labor and selling or trading the products thereof nor prevent anyone from marketing or trading the produce of his farm.

6. That due notice and opportunity for hearing, in connection with the aforesaid code, has been afforded interested parties, in accordance with title I of the National Industrial Recovery Act and applicable regulations issued thereunder.

7. That said code will tend to effectuate the declared policy of title I of the National Industrial Recovery Act as set forth in section 1 of said act in that the terms and provisions of such code tend to: (a) Remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof; (b) to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups; (c) to eliminate unfair competitive practices; (d) to promote the fullest possible utilization of the present productive capacity of industries; (e) to avoid undue restriction of production (except as may be temporarily required); (f) to increase the consumption of industrial and agricultural products by increasing purchasing power; and (g) otherwise to rehabilitate industry and to conserve natural resources.

8. That said code, when approved by the President, will constitute a code of fair competition for the grain exchanges and members thereof within the meaning of section 3 (a) of title I of the National Industrial Recovery Act.

Respectfully,

*Henry A. Wallace*

*Secretary of Agriculture.*



# NATIONAL RECOVERY ADMINISTRATION

## LETTER OF TRANSMITTAL

MARCH 19, 1934.

The PRESIDENT,  
*The White House.*

SIR: This is the report of the Administrator on the public hearing of the labor provisions of a code of fair competition for grain exchanges and members thereof, conducted on November 27, 1933, in accordance with the provisions of the National Industrial Recovery Act and the Executive order dated June 26, 1933.

### GENERAL

The functions of this industry include the buying or selling of grain for immediate or future delivery or receiving the same for sale on consignment.

The code committee representing this industry testified at the formal hearing as having received the necessary authority and proper instructions to represent the industry. Further, the code committee testified that the grain exchanges and members thereof, represented by the code committee, represent more than 90 percent of the industry in the United States.

Figures are not available on the total number of employees in the industry. Estimates of the trade's representatives range from 45,000 to 60,000. The total number of employees for which questionnaires were returned was approximately 37,000 for 1929 and 39,000 for September 1933. Since there are six contract grain markets and about a dozen cash grain markets for which no information was obtained, it would appear that 50,000 is a reasonable minimum employment figure for the entire grain exchange industry.

Trend of employment: July 1929—37,217; February 1933—27,803; June 1933—36,470; September 1933—39,281. Taking 100 as the index for 1929, September 1933 shows 105.5. Source: Industry questionnaire.

### PROVISIONS AS TO HOURS

The code provides a 40-hour standard work-week with the following exceptions:

(a) In order to meet contingencies which cannot be anticipated and over which the employers have no control, and in order to consummate contracts for the sale and purchase of commodities which require daily clearance, hours of employment may be increased to 44 hours per week averaged over a period of four (4) months without the payment of overtime.

(b) Guards and watchmen are limited to 56 hours per week.

(c) Partners in any copartnership are unlimited.



## VII

(d) Executive, supervisory, technical, and administrative employees receiving \$35.00 or more per week, and outside salesmen are unlimited.

### PROVISIONS AS TO WAGES

1. Minimum wage rates are as follows:

- \$16.00 per week in any city of over 2,000,000 population or the immediate trade area thereof
- \$15.00 per week in any city of over 500,000 population or the immediate trade area thereof
- \$14.50 per week in any city of 250,000 to 500,000 population or the immediate trade area thereof
- \$14.00 per week in any city, town, or village of 2,500 to 250,000 population or the immediate trade area thereof
- \$12.00 per week in any city, town, or village of less than 2,500 population

2. The wages of employees (except employees mentioned in paragraphs (b), (c), and (d), of section 1, article III) being paid on August 1, 1933, in excess of the established minimum shall not be decreased notwithstanding that the hours worked in such employment may be reduced.

3. Overtime pay is granted for over 48 hours in any one week, and beyond an average of 44 hours in any 4-month period of the year.

4. Female employees performing substantially the same work as male employees shall receive the same rate of pay as male employees.

This code prohibits the employment of any person under 16 years of age and under 18 years of age at occupations hazardous and/or detrimental to health.

Trend of pay rolls indicated by industry questionnaire, using 1929 = 100, 46.5 for March 1933 and 86.5 for September 1933.

*Estimated trend of total monthly pay rolls and average monthly earnings*

Date	Total Monthly Pay Roll		Average Monthly Earnings	
	BLS Data	Questionnaire	BLS Data	Questionnaire
	<i>Thousands</i>	<i>Thousands</i>		
1929.....	8,515	9,000	\$170	\$180
February 1933.....	4,292	5,093	147	136
June 1933.....	5,279	7,018	142	145
September 1933.....	5,926	7,815	149	148

*Percentage distribution of grain exchange employees by wage groups, 1929 and 1933*

	July 1929	February 1933	June 1933	September 1933
Less than \$15.....	4.1	8.8	8.5	6.3
\$15 to \$35, inclusive.....	58.8	64.5	68.6	68.7
Over \$35.....	37.1	26.7	22.9	25.0

## VIII

### COMPLIANCE WITH MANDATORY PROVISIONS

The Administrator finds that:

The code as recommended complies in all respects and without limitation to the provisions of subsection (a) of section 7 and subsection (b) of section 10 of the National Industrial Recovery Act.

Accordingly, I recommend the approval of the Code of Fair Competition for Grain Exchanges and Members Thereof to the extent of my jurisdiction as stated in your Executive order of June 26, 1933.

Respectfully,

  
Administrator.

# CODE OF FAIR COMPETITION FOR GRAIN EXCHANGES AND MEMBERS THEREOF

## ARTICLE I—PURPOSES

To effect the policies of title I of the National Industrial Recovery Act, this code is established as a code of fair competition for the grain exchanges and members thereof, and its provisions shall be the standards of fair competition for the grain exchanges and members thereof, and shall be binding upon such grain exchanges and upon every member thereof.

## ARTICLE II—DEFINITIONS

SECTION 1. The term "grain exchange" or "exchange", as used herein, means any organized association, incorporated or unincorporated, of members engaged in the business of buying or selling grain for immediate or future delivery or of receiving the same for sale on consignment.

SEC. 2. The term "member", as used herein, means any person, firm, copartnership, association, cooperative association of producers or corporation holding membership or represented by membership in a grain exchange under its rules and regulations.

SEC. 3. The term "employee", as used herein, means any person employed by a grain exchange or by any member of any grain exchange, excepting any employees engaged in the management, care, or operation of any terminal elevator, country elevator, mill, processing plant, or office building.

SEC. 4. The terms "act", "Secretary", and "Administrator", as used herein, mean respectively, title I of the National Industrial Recovery Act, the Secretary of Agriculture or his duly appointed agent, and the Administrator for Industrial Recovery or his duly appointed agent.

SEC. 5. The term "employer", as used herein, means any grain exchange or any member of any grain exchange.

SEC. 6. The term "State" includes Territory and the District of Columbia.

SEC. 7. The term "grain", as used herein, means wheat, corn, oats, barley, rye, flax, and sorghum.

SEC. 8. The terms "future delivery", "futures", "future trades", and "future contracts", as used herein, have the meaning set forth in the grain futures act.

SEC. 9. The term "the Grain Committee on National Affairs", as used herein, means a committee composed of appointed representatives of grain exchanges, set up for the purpose of coordinating and effectuating the National policies of member exchanges.

SEC. 10. The term "code authority" as used herein, means the national administrative agency of grain exchanges and members thereof as established in article VI of the code.

SEC. 11. The term "person", as used herein, means any individual, partnership, corporation, association, and any other business unit.

### ARTICLE III—HOURS

SECTION 1. No employee shall be permitted to work in excess of forty (40) hours in any one week, except as herein otherwise provided:

(a) In order to meet contingencies which cannot be anticipated and over which the employers have no control, and in order to consummate contracts for the sale and purchase of commodities which require daily clearance, employees may be permitted to work forty-four (44) hours per week averaged over a period of four (4) months; however, no overtime payments shall be required for the four (4) hours in excess of forty (40).

(b) Guards and watchmen employed to safeguard securities or assets, provided they are not employed in excess of fifty-six (56) hours per week.

(c) Partners in any copartnership.

(d) Executive, supervisory, technical, and administrative employees, provided such employees are paid at the rate of thirty-five dollars (\$35.00) or more per week, and outside salesmen.

SEC. 2. All employees, except employees mentioned in paragraphs (b), (c), and (d), of section 1 hereof, if employed for more than a total of forty-four (44) hours per week averaged over a period of four (4) months, shall be paid for all such excess time of employment at the rate of one hundred thirty-three and one third percent (133⅓%) of the regular hourly rate at which such persons shall be employed; but regardless of the calculation of such overtime averaged over a four (4) months' period, all such employees, if employed for more than forty-eight (48) hours in any one week, shall be paid for such time in excess of forty-eight (48) hours at the rate of one hundred thirty-three and one third percent (133⅓%) of the said regular rate. The amount paid for overtime for any weekly period shall be credited on the amount of overtime paid at the end of any four (4) months' period, and in computing the amount of overtime to be paid as herein provided, the regular hourly rate at which any person shall be employed shall be determined by dividing the amount per week which he shall regularly be paid by forty (40).

SEC. 3. No employer shall knowingly permit any employee to work for any time, which when totalled with that already performed with another employer or employers of any grain exchange or members thereof, exceeds the maximum provided herein.

### ARTICLE IV—WAGES

SECTION 1. No employee shall be paid at less than the following wage rates:

- (a) (1) \$16.00 per week in any city of over 2,000,000 population or the immediate trade area thereof.
- (2) \$15.00 per week in any city of over 500,000 population or the immediate trade area thereof.
- (3) \$14.50 per week in any city of 250,000 to 500,000 population or the immediate trade area thereof.
- (4) \$14.00 per week in any city, town, or village of 2,500 to 250,000 population or the immediate trade area thereof.
- (5) \$12.00 per week in any city, town, or village of less than 2,500 population.



(b) In the event that any employer shall operate one or more branches or offices in towns or cities in the different classes described in paragraph (a) of section 1, article IV then the minimum wage requirements for the employees at each branch or office of such employer shall be determined by the classification of the town or city in which each such branch or office shall be located; provided, however, where a state law provides a higher minimum wage than is provided in this code, no person employed within that state shall be paid a wage below that required by such state law.

Population for the purposes of this code shall be determined upon the basis of the 1930 Census.

SEC. 2. The wages of employees (except employees mentioned in paragraphs (b), (c), and (d) of section 1, article III) being paid on August 1st, 1933, in excess of the established minimum shall not be decreased, notwithstanding that the hours worked in such employment may be hereby reduced.

SEC. 3. After the approval of this code, the code authority may present for approval to the Administrator, after notice and hearing, recommendations as to the upward adjustments in minimum wages for specified localities in order to effectuate the purposes of the act.

SEC. 4. Female employees performing substantially the same work as male employees shall receive the same rate of pay as male employees.

SEC. 5. After the effective date of this code, wages shall be exempt from any charges, fines, or deductions except for employees' voluntary contributions for compensation, insurance, or benefit plans, and no employer shall withhold wages except upon service of legal process or other papers lawfully requiring such withholding. Deductions for other purposes not heretofore stated may be made only when the contract is in writing and is kept on file by the employer open to inspection of the Government representatives.

## ARTICLE V—GENERAL LABOR PROVISIONS

SECTION 1. No person under sixteen (16) years of age shall be employed by grain exchanges and members thereof. No person under eighteen (18) years of age shall be employed at operations or occupations which are dangerous in nature or detrimental to health. Within sixty (60) days after the signing of this code, the code authority shall submit to the Administrator a list of such operations or occupations. In any state an employer shall be deemed to have complied with this provision as to age if he shall have on file a certificate or permit duly signed by the authority empowered to issue employment or age certificates, or permits showing that the employee is of the required age.

SEC. 2. In compliance with section 7 (a) of the act it is provided:

(a) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives of any self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

(b) That no employee and no one seeking employment shall be required as a condition of employment to join any company union or

to refrain from joining, organizing, or assisting a labor organization of his own choosing, and

(c) That employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President.

SEC. 3. No employer shall change the method of payment of compensation or reclassify employees or duties or occupations performed, or engage in any subterfuge so as to defeat the provisions of the act or of this code.

SEC. 4. No provision in this code shall supersede any State or Federal law which imposes more stringent requirements as to age of employees, wages, hours of work, or as to safety, health, sanitary, or general working conditions, or insurance, or fire protection, than are imposed by this code.

SEC. 5. Each employer shall post in conspicuous places accessible to employees the articles of this code which deal with hours of labor wages, and the general labor provisions.

## ARTICLE VI—ORGANIZATION, POWERS, AND DUTIES OF THE CODE AUTHORITY

### SECTION 1. *Code Authority.*

(a) A code authority to be known as the code authority for the grain exchanges and the members thereof shall be established for the purpose of assisting in the administration, supervision, and promotion of the performance of the provisions of this code. Except as the jurisdiction of the Secretary and the Administrator may hereafter be changed pursuant to order of the President, the code authority shall assist the Administrator in all matters relating to the administration of provisions in this code relating to hours of labor, rates of pay, and other conditions of employment and shall assist the Secretary in all matters relating to the Administration of all the other provisions of this code.

(b) The code authority shall consist of seven members and shall be constituted forthwith upon the approval of this code. The members of the code authority shall be appointed by the grain committee on national affairs. Not more than two members of the code authority shall represent any one exchange. The members of the code authority shall serve for the term of one year and until their successors are appointed. Such successors shall be appointed, and vacancies in the code authority shall be filled, by the grain committee on national affairs. In addition to the membership above provided for the Secretary and the Administrator may each appoint one member or representative who shall serve without expense to the exchanges or members thereof, shall be without vote, and shall serve for such terms as the Secretary or the Administrator, as the case may be, may specify.

(c) Each grain exchange participating in the selection or activities of the code authority and the grain committee on national affairs shall (1) impose no inequitable restrictions on membership; and (2) submit to the Secretary and the Administrator true copies of its articles of association, bylaws, rules, and regulations, and any amendments when made thereto, together with such other information as to membership, organization, and activities as the Secretary or the Administrator may deem necessary to effectuate the purposes of the act.

(d) In order that the code authority shall at all times be truly representative of the exchanges and members thereof, the Secretary and the Administrator may, by joint action and upon reasonable notice to the code authority and to the grain committee on national affairs, prescribe such hearings as they may deem proper; and thereafter, if they shall find that the code authority is not truly representative, they may take such action as the evidence adduced at the hearing may warrant. The foregoing shall not, however, be construed to give the Secretary and/or the Administrator power to appoint, or to require the appointment of, particular individuals to the code authority, or to deprive the exchanges and their members, acting through representatives of their own choosing, of the right to select the said members of the code authority.

(e) In order that the code authority may in all other respects comply with the provisions of the act, the Secretary (or the Administrator with respect to provisions relating to hours of labor, rates of pay, and other conditions of employment) may, upon reasonable notice to the code authority, prescribe such hearings as he may deem proper, and thereafter, if he shall find that the code authority is not complying with the provisions of the act, may enter such order as the evidence adduced at the hearing may warrant requiring the code authority to comply with the provisions of the act, and, in the event of continued refusal after the entry of such order, may remove the offending members of the code authority from office and notify the grain committee on national affairs that vacancies exist in their said offices.

(f) The code authority may employ such personnel, incur such expenses, and make such expenditures as may be necessary in the performance of its functions under this code and each exchange shall be subject to its equitable pro rata share of the costs of administering this code as determined and assessed by the code authority.

(g) Nothing contained in this code shall constitute the members of the code authority partners for any purpose. Nor shall any member of the code authority be liable in any manner to anyone for any act of any other member, officer, agent or employee of the code authority. Nor shall any member of the code authority, exercising reasonable diligence in the conduct of his duties hereunder, be liable to anyone for any action or omission to act under this code, except for his own wilful malfeasance or nonfeasance.

(h) If the Secretary or the Administrator shall determine as to matters subject to their respective jurisdiction that any action of the code authority or any officer, agent or employee thereof may be unfair, or unjust, or contrary to the public interest the Secretary or the Administrator as the case may be, may require that such action be suspended to afford an opportunity for investigation of the merits of such action and further consideration by such code authority or such officer, agent or employee pending final action which shall not be effective unless the Secretary or the Administrator approves, or unless he shall fail to disapprove after thirty (30) days notice to him of intention to proceed with such action in its original or modified form.

## SEC. 2. *Powers and Duties.*

(a) In all matters relating to the administration of the provisions of this code except those relating to hours of labor, rates of pay and other conditions of employment (except as the jurisdiction of the Secretary and the Administrator may hereafter be changed pursuant



to order of the President), the code authority shall have the following further powers and duties, the exercise of which shall be reported to the Secretary.

(1) To the best of their ability, to insure the execution of the provisions of this code and to provide for the compliance by the exchanges and members thereof with the provisions of the Act, subject to such rules and regulations as may be issued by the Secretary.

(2) To adopt bylaws and rules and regulations for its procedure.

(3) To investigate suspected violations of this Code and to submit to the Secretary as it deems necessary or as the Secretary requests, reports of suspected violations.

(4) To obtain from the exchanges and members thereof such information and reports as may be necessary for the administration of this code by the code authority, and the performance of its powers and duties hereunder. No such individual reports shall be disclosed to any other exchange or to any other member thereof or to any other person except as may be directed by the Secretary.

(5) To make recommendations to the Secretary for the coordination of the administration of this code with such other codes, if any, as may be related to or affect the exchanges or the members thereof.

(b) In all matters relating to the administration of the provisions of this code relating to hours of labor, rates of pay, and other conditions of employment (except as the jurisdiction of the Secretary and the Administrator may hereafter be changed, pursuant to the order of the President) the code authority shall have the following powers and duties, the exercise of which shall be reported to the Administrator.

(1) To the best of their ability, to insure the execution of the provisions of this code and to provide by investigation of suspected violations or otherwise for the compliance by the exchanges and members thereof with the provisions of the act, subject to such rules and regulations as may be issued by the Administrator.

(2) To adopt bylaws and rules and regulations for its procedure.

(3) To obtain from the exchanges and the members thereof such information and reports as may be necessary for the administration of this code by the code authority and the performance of its powers and duties hereunder. No such individual reports shall be disclosed to any other exchange or member thereof or to any other person except as may be directed by the Administrator.

(4) To make recommendations to the Administrator for the coordination of the administration of this code with such other codes, if any, as may be related to or affect the exchanges and the members thereof.

(5) To cooperate with the Administrator in regulating the use of any N.R.A. insignia by those exchanges and members thereof who have assented to and are complying with this code.

## ARTICLE VII—UNIFORM TRADE PRACTICES

SECTION 1. In addition to the matters covered by this code, the several exchanges have regulated and are expected to regulate the trade practices of such exchanges and of their respective members under rules and regulations which have been, are now, or shall hereafter be in effect.

SEC. 2. Each exchange shall require its members to demand and receive, and each member shall demand and receive, from all customers, whether members or nonmembers, and maintain, within such reasonable limits as prescribed by each exchange and subject to reasonable call and notice as prescribed by each exchange, the minimum margins set forth in section 3 of this article on all future trades in grain except future trades of the following classes:

(a) Members' and nonmembers' hedging trades, which shall mean futures sold to offset a similar amount of cash grain or grain products bought and, conversely, futures bought to offset a similar amount of cash grain or grain products sold.

(b) Members' and nonmembers' spreading trades of the following classes: (1) Spreading trades between different markets in the same grain; (2) spreading trades in the same market and grain but between different delivery months; (3) spreading trades between different grains in the same or different markets in amounts which shall not result in an open-market position for any person in any grain in excess of 2,000,000 bushels. For the purposes of this paragraph (b), spreading trades are defined to mean and include purchases of futures in one market, grain, or delivery month, offset by sales in similar amounts of futures in the same or in another market, grain, or delivery month and, conversely, sales of futures in one market, grain, or delivery month, offset by purchases in similar amounts of futures in the same or in another market, grain, or delivery month.

It shall be incumbent upon each member to require satisfactory evidence that all hedging and spreading trades exempted from the minimum margin requirements are bona fide hedging or spreading trades, as the case may be.

SEC. 3. Minimum margins for all open trades, as the same are hereinafter in this section defined (excepting those mentioned in paragraphs (a) and (b) of section 2 of this article), shall be as follows:

(a) On all open trades, 10 percent of the market price.

(b) On and after August 1, 1934, on open trades in excess of 2,000,000 bushels, margins in addition to the margins required by paragraph (a) of this section equal to 15 percent of the market price of such excess (hereinafter referred to as "additional margins"), making a total margin on such excess of 25 percent of the market price thereof. Each member who trades through a member shall deposit with such member the additional margins, if any, required by this paragraph (b), and maintain the same within the limits prescribed by each exchange as provided in section 2 of this article. The business conduct committee of each exchange shall make appropriate orders and establish appropriate procedure for the purpose of determining the existence of open trades in excess of 2,000,000 bushels and the manner in which additional margins shall be assessed and collected.

As used in this section, the term "open trades" shall mean the aggregate number of bushels of any one grain which any one person is obligated to deliver or to accept delivery of by reason of futures contracts executed by or for the account or benefit of such person in any one market, without regard to the number of members with whom or through whom such person may have such open trades.

In computing minimum margin requirements for any customer, unrealized profits resulting from change in market price may be regarded as money equivalents and, similarly, it is the intent and pur-

pose hereof that the required minimum margin of each customer shall at all times be maintained over and above debits and charges which would result if the open trades of such customer were closed or settled at the then prevailing market prices.

No member shall extend any credit or give any rebate or gratuity of any kind to any person for the purpose of circumventing or evading minimum margin requirements.

SEC. 4. Each exchange shall continue in force and effect (until modified or abolished as hereinafter provided when market conditions shall permit) regulations prohibiting trading during any day in contracts for the future delivery of wheat, rye, barley, corn, oats, or flax at a price higher or lower than the closing price for such grain on the previous business day, plus or minus, as the case may be, the following sum with respect to each such grain:

Wheat, rye, and barley	5 cents per bushel
Corn	4 cents per bushel
Oats	3 cents per bushel
Flax	10 cents per bushel

SEC. 5. Each exchange, by proper regulation, shall prohibit and prevent all trading on such exchange by or through its members, in indemnities and contracts known as "bids", "offers", "puts", or "calls."

SEC. 6. Each exchange shall vest in its board of directors or board of governors or in a properly constituted committee, authority, subject in each case to the approval of the Secretary, from time to time to modify or abolish the limitations on daily fluctuations in the price of futures provided in Section 4 of this Article, and shall vest in such board of directors, board of governors or committee, plenary authority from time to time to establish, modify, or abolish (1) limitations on the amount of members' or nonmembers' open contracts for the purchase or sale of futures and (2) margin requirements in excess of but not less than the minimum margin requirements fixed in section 3 hereof.

Sec. 7. The members of each exchange shall adopt a rule which shall be entitled the "business conduct committee rule" which rule shall become a part of the general rules of the exchange.

(a) Such rule shall provide for the selection of a business conduct committee and shall conform in exact text to the business conduct committee rule adopted by contract markets in 1926 except that such rule shall provide that appointments to the business conduct committee may be made from among the directors of the exchange and clearing house instead of that the presidents of the exchange and clearing house shall serve on such committee; and except, further, that such rule shall provide that the personnel of the business conduct committee shall be truly representative of the various interests of each exchange and that no more than two of the members of the business conduct committee shall represent the same class of trade interests in the exchange. The Secretary or his authorized agent shall have at all times the right to attend all meetings of the business conduct committee of each exchange.

(b) The business conduct committee shall have power to investigate any and all transactions of any member and to that end (1) summarily to examine any and all books, records, contracts, accounts, and papers of such member, (2) summarily to require such member to



make full and complete reports as to the facts of any or all transactions when requested, and (3) to make recommendations to the proper authority in the exchange for disciplinary action. The members of the business conduct committee shall not, nor shall any persons designated to substitute for them, pursuant to the business conduct committee rule of 1926, be directly or indirectly financially interested for their own personal account in future contracts, excepting future contracts mentioned in paragraphs (a) and (b) of section 2 of this article.

(c) Such business conduct committee shall be authorized and required to engage a supervisor who shall serve as representative of the business conduct committee, charged with authority of assisting the business conduct committee in carrying out its duties, who shall be responsible to the business conduct committee in making necessary examinations, investigations, and reports, and who shall be authorized and required to engage expert accountants and other employees, not members of the exchange, necessary to assist in making such examinations, investigations, and reports. The office of supervisor shall be nonelective. The rule adopted by each exchange, pursuant to the provisions of paragraph (b) of section 3 of this article, may, among other things, provide, in order to permit the supervisor to ascertain the existence of open trades in excess of 2,000,000 bushels, that each member shall submit to the supervisor a daily schedule of such of the open trades of such member for his own account or for the account of others as such rule may prescribe.

SEC. 8. In order that the board of directors of each exchange shall be truly representative of the membership and be a cross-section of the trade, each exchange shall provide proper means of electing to membership on the board of directors a fair apportionment of the various branches of the trade interests in the exchange and provide that this purpose be carried out, whether the nominations be made by a committee or by a petition from the membership.

SEC. 9. In addition to the penalties by law provided for enforcement of this code, each exchange shall cause to be disciplined any member who shall violate any of the provisions of this code.

SEC. 10. The board of directors or governing body of each exchange shall maintain strict supervision as provided by proper bylaws of regular public elevators whose receipts are deliverable on future contracts.

SEC. 11. Each exchange shall notify the Secretary and the code authority when a rule of the general rules of the exchange or a regulation of the exchange has been rescinded or altered, or when a new rule or regulation has been adopted, and shall further transmit to the Secretary and the code authority true and correct copies of all rules and regulations together with all amendments thereto, and all other documents and notices relating to rules and regulations which the exchange transmits to its members.

## ARTICLE VIII—GRAIN FUTURES ACT

SECTION 1. Nothing in this code shall in any way conflict with or be construed as conflicting with the grain futures act, approved September 21, 1922 (42 Stat. 998) or rules and regulations established thereunder by the Secretary pursuant to said act. All reports, regulations, and rules required now or in the future under the authority

of said act and subsequent regulations thereunder are in no wise dispensed with by virtue of this code. All reports, examinations, and investigations provided for in this code may be in addition to those required under the said act and subsequent regulations and rules thereunder.

## ARTICLE IX—GENERAL

SECTION 1. *Modification.*—This code and all the provisions thereof are expressly made subject to the right of the President of the United States, in accordance with the provisions of subsection (b) of section 10 of the act, from time to time, to cancel or modify any order, approval, license, rule, or regulation issued under said act.

SEC. 2. *Reports.*—The grain exchanges and the members thereof and any clearing house organized by any such exchange or the members thereof shall severally, from time to time, upon the request of the Secretary (or the Administrator in the case of information relating to hours of labor, rates of pay, and other conditions of employment) furnish to the Secretary or the Administrator such information on and in accordance with forms of reports supplied to them (which reports shall be verified under oath) as the Secretary or the Administrator may require pursuant to section 3 (a) of the act, (1) for the protection of consumers, competitors, employees, and others, and in furtherance of the public interest, and (2) for the determination by the Secretary or the Administrator of the extent to which the declared policy of the act is being effectuated by this code; and shall, upon the request of the Secretary or the Administrator, furnish such statistical information as the Secretary or the Administrator may deem necessary for the purposes recited in section 3 (a) of the act to such Federal and State agencies as the Secretary or the Administrator may designate.

Nothing in this code shall relieve any person of existing obligations to furnish reports to Government agencies.

No individual reports shall be disclosed to any other exchange or to the members of any exchange or to any other person except as may be directed by the Secretary or the Administrator.

SEC. 3. *Monopolies, etc.*—No provision of this code shall be so applied as to permit monopolies or monopolistic practices, or to eliminate, oppress, or discriminate against small enterprises.

SEC. 4. *Effective date.*—This code shall become effective on the tenth day after its approval by the President; provided that, if such tenth day is not a business day this code shall become effective on the next succeeding business day.





